

m/49/009

FACSIMILE TRANSMITTAL SHEET

To:	Wayne Hedberg
	(801) 359-3940
From:	Christopher A. Arnold
Date:	February 27, 2003
Subject:	Chief Consolidated Mining Company
Total # Of Pages	4

NOTES/COMMENTS:

As a follow up to your conversation with Rick Schreiber, attached is the letter we have been sending to the Chief creditors. Let either of us know if you have additional questions. Thanks.

RECEIVED
FEB 27 2003
DIV. OF OIL, GAS & MINING

If you did not receive all the pages listed for this fax transmission,
please notify Eileen at 215/546-8585.

CHIEF CONSOLIDATED MINING COMPANY**15988 Silver Pass Road****P.O. Box 51****Eureka, UT 84628****RECEIVED****FEB 27 2003****DIV. OF OIL, GAS & MINING**

Ladies and Gentlemen:

As you know, Chief Consolidated Mining Company ("Chief") suspended its mining operations nearly one year ago due to safety concerns in its Trixie Mine. Since that time the company has gone through a detailed analysis of the various options available to it, and has communicated many of those thoughts in various press releases last summer and fall. During this time, various assets have been sold in order to fund critical expense items needed to preserve the company's assets.

Specifically, the company and its directors pursued the analyzed and pursued discussions with a number of financial and strategic groups summarized below.

- CB Richard Ellis in Salt Lake City was retained to market the company's real estate holdings. Given the soft market environment, the company is not in a position to report any meaningful progress on this effort to date.
- Discussions and meetings were held with a variety of US and Canadian based mining companies to pursue joint venture or lease type partnerships. These arrangements could have led to the continued exploration and development of Chief's mining properties.
- Discussions and meetings were held with both US and Canadian groups who had expressed an interest in analyzing a possible investment in Chief.
- A series of conference calls with significant existing stockholders of Chief were held throughout the summer and fall which have resulted in the restructuring proposal outlined below.

Additionally, the directors considered whether the best course of action would be to seek some sort of protection under the court system. It still is our view that an out of court restructuring which allows new funding to come into the company is a preferred course of action, as a formal bankruptcy proceeding would require a substantial investment of time and money to outside professionals, and would not lead to any certainty in terms of a return to creditors.

The company has received commitments of \$1.0 Million for new investment in Chief. These funds are currently in escrow and will only be made available to the company if certain conditions are met. One of the closing conditions required by these investors is that the company reach a satisfactory resolution of the existing accounts payable which

currently total over \$1.3 Million. Additional legal and documentation related conditions must also be met in order for the company to receive these funds. The investors have required the company to settle these claims at no more than 20% of the amount owed IN FULL SATISFACTION OF CHIEF'S OBLIGATION TO YOU.

Please return to us the attached letter so that we can continue this process so that you may receive cash proceeds. We expect that this process will be completed by the end of the first quarter. Feel free to contact Richard R. Schreiber or Christopher A. Arnold at (215) 546-8585 to discuss this matter further.

Regards,

Richard R. Schreiber
Acting President & CEO

To: Chief Consolidated Mining Company ("Chief")
C/o 1629 Locust Street
Philadelphia, PA 19103
Fax: (215) 546-9160

From: _____

Address: _____

I agree to accept Chief's offer of 20% payment on the total amount due
_____ (Name of Creditor) in FULL SATISFACTION OF
THIS DEBT.

Total Amount Owed: \$

20% Payment: \$

Authorized Signatory: _____

Print Name: _____

Title: _____